

**RULES OF THE TRUSTEES OF
THE LAWYERS' FUND FOR
CLIENT PROTECTION OF THE
SUPREME COURT OF DELAWARE**

Rule 1. Meetings.

1. Meetings of the Trustees shall be held at the call of the Chairperson or of a majority of the Trustees, upon reasonable notice. At least 1 meeting shall be held each calendar year.

2. Five Trustees shall constitute a quorum. A majority of the Trustees present at a duly constituted meeting may exercise any powers held by the Trustees, except to the extent that Rule 66 of the Supreme Court provides otherwise.

Rule 2. Officers.

1. The Chairperson of the Trustees shall preside at all meetings of the Trustees at which the Chairperson shall be present. In the absence of the Chairperson from any meeting, the Trustees present shall elect 1 of their members to preside at that meeting.

2. The Treasurer shall have custody of all money and investments of the Lawyers' Fund for Client Protection (the "Fund") and shall keep accurate records of all receipts and disbursements of the Fund.

(a) The Treasurer shall maintain in a bank or trust company of the State of Delaware chosen by the Trustees a checking account which shall be designated the "petty cash account" and which shall not be larger than \$5,000. The Treasurer shall have the power to draw checks on the petty cash account on the Treasurer's own signature.

(b) The Treasurer shall maintain such other checking or savings accounts in such Delaware banks or trust companies as the Trustees may from time to time direct. Checks or withdrawal authorizations on all such accounts shall be made only on the dual signatures of the Treasurer and the Chairperson, or of either of those officers and 1 other Trustee.

(c) The Treasurer, upon the authorization of the Trustees, may employ such accountants, auditors, brokers, investment advisers or other assistants as may be deemed proper.

(d) In the event that the Trustees shall authorize the investment of all or any part of the Fund, they shall further direct 1 or more of the following methods of investment:

i. The purchase of individual securities either specified by the Trustees or to be chosen by a broker or investment adviser employed as provided in (c) above; or

ii. The deposit of such funds with a fund – bond, fixed income, mixed or equity – maintained by a Delaware bank or trust company for the investment of trust funds, designated by the Trustees.

(e) In the event it is necessary for the Treasurer to safeguard securities, purchased as aforesaid, the Treasurer is authorized to rent in the name of the Trustees a safe deposit box in a Delaware bank or trust company to be designated by them. Access to such safe deposit box shall be only on the dual signatures of the Treasurer and the Chairperson, or of either of those officers and 1 other Trustee.

3. The Secretary shall keep minutes of the meetings of the Trustees and shall furnish a copy thereof to each Trustee. The Secretary shall have custody of the records and papers of the Trustees. The Secretary shall call all meetings of the Trustees when directed to do so by the Chairperson or by a majority of the Trustees.

Rule 3. Funding

The Trust Fund shall be funded from assessments, pursuant to Supreme Court Rule 66(e), made annually against active members of the Bar of the Supreme Court. As a condition of continuing active membership in the Bar of the Supreme Court, every active member, except judges disqualified from practicing law, shall pay to the Supreme Court an annual assessment as determined by the Supreme Court in the Annual Registration Statement pursuant to Supreme Court Rule 69. The assessment is due and payable on February 1 of each year and delinquent if not paid by March 1 of that year.

Rule 4. Claims against the Fund.

1. The Trustees will receive and consider for reimbursement from the Fund: (1) Claims for losses due to the defalcations(s) or dishonesty of a member of the Delaware Bar within the practice of the member's profession or acting as a fiduciary who has resigned, died, been adjudged insane, been disbarred, suspended or otherwise disciplined, been convicted of embezzlement or misappropriation of money or other property of the member's clients or whose whereabouts is unknown; (2) claims certified to the Trustees by the Board on Professional Responsibility of the Supreme Court of Delaware as appropriate cases for consideration because the loss was caused by the defalcation(s) or dishonest conduct of a member of the Delaware Bar, or (3) or any other claims for losses due to the defalcation(s) or dishonesty of a member of the Bar which the Trustees, in the exercise of their discretion pursuant to paragraph (g) of Rule 66 of the Supreme Court, deem appropriate for consideration in that such consideration will advance the purpose of the Fund. Claims duly presented will

be considered by the Trustees as fairly, fully and equitably as possible under the circumstances.

2. No claim shall be recognized which is based upon a defalcation or dishonest act or acts which occurred prior to January 1, 1967.

3. All claims eligible for payment by the Trustees within a calendar year shall be treated as claims of that calendar year and be considered before the end of January of the succeeding year and allowed or disallowed, unless further investigation is required. The Trustees in their discretion may make partial payments on claims allowed, and in no event will a payment on any given claim exceed 10 percent of the Fund balance at the time of payment. Any unpaid portions of allowed claims may, in the Trustees' discretion, be carried forward to succeeding years.

4. Claims for losses must be filed with the Trustees within 2 years after the defalcation(s) or dishonesty was or should have been discovered by the claimant to be eligible for consideration, even though such claims may not be acted upon by the Trustees under the provisions of Rule 4(1) hereof until a later date.

5. Claims must be submitted in writing and signed by the claimant or the claimant's personal representative under oath, setting forth all pertinent facts and information and be directed to the Trustees of the Lawyers' Fund for Client Protection in the care of the Executive Director, Lawyers' Fund for Client Protection, Carvel State Office Building, 11th Floor, 820 North French Street, Wilmington, Delaware, 19801, or in the care of any Trustee of said Fund. The claim shall be on a form approved by the Trustees.

6. Upon the filing of a claim the Chairperson shall assign it to one or more Trustees for investigation. The Trustees shall act as hearing officers, and may, if desirable, take testimony under oath of the claimant and any other witnesses. Upon request of the hearing officers, the Secretary or Assistant Secretary of the Trustees may compel by subpoena the appearance of witnesses (including the claimant) and the production of pertinent books, papers and documents for investigatory or hearing purposes. The Supreme Court may, upon proper application, enforce the appearance and testimony of any witnesses and the production of any documents subpoenaed. The hearing officers shall file their report and recommendation with the Secretary of the Trustees. If the hearing officers deem it necessary, they may employ the services of a reporter to make a record of the proceedings before them.

7. No claim shall be allowed except upon the affirmative vote of 5 Trustees at a duly constituted meeting. The determination of any claim shall lie in the sole discretion of the Trustees, as contemplated by paragraph (g) of Rule 66 of the Supreme Court.

8. Where a claim is allowed by the Trustees, the Trustees shall be subrogated to the amount of such claim paid or to be paid by the Fund, and the Trustees may require each claimant, as a condition of payment, to execute such instruments, to take such action and to enter into such agreements as the Trustees may desire, including, but not limited to, assignments, subrogation agreements, trust agreements and promises to cooperate with the Trustees in making and prosecuting claims or charges against any person.

9. The spouse, law partner, attorney stockholder in a professional corporation, associate or conspirator of any defaulting attorney shall not have any right to file claims for reimbursement from the Fund.

10. No claim shall be allowed to the extent that the member of the Bar was bonded or the loss otherwise covered.

11. No attorney's fee shall be paid by a claimant in connection with any allowance made by the Trustees, and any attorney representing a claimant shall be required to give to the Trustees a written statement that the attorney will accept no fee from the claimant for services rendered in connection with any recovery from this Fund.

Rule 5. Conflict of Interest.

1. A Trustee who has or has had a client-lawyer relationship or a financial relationship with a claimant or lawyer who is the subject of a claim shall not participate in the investigation or adjudication of a claim involving that claimant or lawyer.

2. A Trustee with a past or present relationship, other than as provided in subsection (1) above, with a claimant or the lawyer whose alleged conduct is the subject of the claim, or who has other potential conflict of interest, shall disclose such relationship to the Trustees and, if the Trustees deem appropriate, that Trustee shall not participate in any proceeding relating to such claim.

Rule 6. Immunity.

All communications to and from the Trustees relating to claims made pursuant to Rule 4 of the Lawyers' Fund for Client Protection and all evidence given in claim investigations and discussion relating thereto, shall be absolutely privileged, and no civil suit predicated thereon may be instituted against any claimant, witness or lawyer, trustees, associate trustees, auditors and staff and receivers and their agents and still shall be immune from civil suit for any conduct in the discharge of their official duties.

Rule 7. Reimbursement from the Fund is discretionary.

No person shall have the legal right to reimbursement from the Fund. There shall be no appeal from a decision of the Trustees.

Rule 8. Confidentiality.

1. Claims, proceedings and reports involving claims for reimbursement are confidential until the Trustees authorize reimbursement to the claimant, except as provided below, unless provided otherwise by law. After payment of the reimbursement, the Trustees may publicize the nature of the claim, the amount of reimbursement, and the name of the lawyer. The name and the address of the claimant shall not be publicized by the Trustees unless specific permission has been granted by the claimant.

2. This Rule shall not be construed to deny access to relevant information by professional disciplinary agencies or other law enforcement authorities as the Trustees shall authorize, or the release of statistical information that does not disclose the identity of the lawyers or the parties, or the use of such information as is necessary to pursue the Fund's subrogation rights under Rule 4.

Rule 9. Audits.

1. At the discretion of a Justice of the Supreme Court, or upon request of the Chairperson of the Board on Professional Responsibility, or on their own motion, the Trustees shall cause an audit to be made of the books and records of a member of the Bar or of the member's law firm pursuant to Rule 1.15 of the Delaware Lawyers' Rules of Professional Conduct and the applicable guidelines and any amendment thereto. The audit shall cover those books and records which a member of the Bar is required to maintain under Rule 1.15 and the applicable guidelines. A copy of the audit report shall be given only to the Justices of the Supreme Court, to the Chairperson of the Board on Professional Responsibility for the members of the Board, to Disciplinary Counsel and to the Trustees. The examination shall be subject to the strict rule of confidentiality set forth in the Delaware Lawyers' Rules of Professional Conduct.

2. On or before July 1 in each calendar year the Trustees shall select 60 individual members of the Bar or law firms, or a combination of both, whose books and records shall be examined during the next 12 months solely for the purpose of verifying the accuracy of certificates included with the annual registration statement filed under Supreme Court Rule 69. The Trustees may in any one-year select more or fewer than 60 members or firms for audit, in light of the cost thereof and the resources of the Fund or as circumstances may require.

3. The Trustees shall select a certified public accountant to make any such audit or examination.

4. Whenever a specific audit or an annual examination discloses 1 or more failures to comply with the applicable rules, or a shortage of funds, or both,

the Trustees may, in their discretion, require the attorney involved to pay the cost of such audit. Otherwise, the cost of any such audit or examination shall be paid by the Trustees out of the Lawyers' Fund for Client Protection as a proper expense thereof.

5. Attorneys or law firms may demonstrate their compliance with Rule 1.15 of the Delaware Lawyers' Rules of Professional Conduct and the applicable Guidelines by voluntarily filing an annual certification of an independent certified public accountant with the Trustees in the form attached to these Rules. The filing of such a voluntary certification shall not, however, preclude an independent compliant check at the discretion of the Trustees.

Rule 10. Statement of Claim.

STATEMENT OF CLAIM TO TRUSTEES OF THE LAWYERS' FUND FOR CLIENT PROTECTION OF THE SUPREME COURT OF DELAWARE

INSTRUCTIONS

- **Answer every question. If space is inadequate, attach additional pages.**
- **You must submit copies of canceled checks, receipts, letters, etc. that will support your claim.**
- **Your claim must be notarized.**
- **Mail your completed claim to: Bunny Christopher, Executive Director, Lawyers' Fund for Client Protection, 820 N. French Street, 11th Floor, Wilmington, DE 19801.**

1. Your Name: _____

2. Your Address: (street) _____
(city, State, zip code) _____

3. Your Daytime Telephone Number: _____

4. Name of lawyer being complained about: _____

5. Address of that lawyer: _____

6. How much money do you claim you lost? _____
7. State the date the loss occurred: _____
8. State the date when you discovered the loss: _____
9. What do you claim the lawyer did wrong?

10. Additional information about the claim may be obtained from the following:

Name: _____	Name: _____
Address: _____	Address: _____
Tel. No.: _____	Tel. No.: _____

11. Have you recovered any of the money you claim to have lost? _____ If so, state the amount you recovered, when you recovered it and from whom you recovered it.

12. Have you filed a lawsuit or obtained a judgment against the lawyer or anyone else with respect to the money you claim to have lost? _____ If so, state the name of the lawsuit, the date it was filed, the court in which it was filed, and the date of the judgment, if any.

13. Are you personally related to the lawyer being complained about or are you/were you a business associate or employee of that lawyer? _____ If so, describe your relationship to the lawyer.

14. Name, address and telephone number of your lawyer, if any, who represents you for this claim:

NOTE: No lawyer is permitted to charge you a fee for assisting in the preparation or resolution of this claim.

NOTICE TO CLAIMANT: By signing this claim form, you indicate that you understand that the Lawyers' Fund for Client Protection has no legal responsibility for the acts of individual lawyers in their practice of law, that the decision of the Trustees of the Lawyers' Fund for Client Protection to pay anything to you on account of your claim is entirely within their own judgment and is not a matter of your right, and that neither you nor anyone else has the right to sue the Lawyers' Fund for Client Protection or its Trustees on account of your claim.

STATE OF DELAWARE :
 : SS **AFFIDAVIT**
COUNTY OF _____ :

_____, swears under oath (or affirms) that (s)he is the person who has the claim described in this Statement of Claim, that (s)he has read and understands the Statement of Claim and believes that the information contained in the Statement of Claim is true to the best of his(her) own knowledge, that (s)he agrees to cooperate in the investigation of this claim and also in any disciplinary proceedings against the lawyer complained about, and that if the Trustees decide on any payment of this claim, (s)he agrees to sign any appropriate documents that the Trustees may require.

(Signature of Claimant)

Signed and sworn to (or affirmed) before me on

_____ by _____
(Date) (Name of Claimant)

(Signature of Notarial Officer)

(Title of Notarial Officer)

My commission expires_____